GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:272
ANSWERED ON:10.08.2000
FERTILIZER PRICING POLICY
ADHIR RANJAN CHOWDHURY;VARKALA RADHAKRISHNAN

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government have recently prepared a long term fertilizer pricing policy which seeks to phase out pricing and distribution control of urea;

(b) if so, the salient features of the proposed policy;

(c) the extent to which the amount of subsidy would be saved in this way;

(d) the steps taken by the Government to check impact of the new policy on farmers; and

(e) the time by which the new policy is likely to come into force?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SURESH P. PRABHU)

(a) to (e) : A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. 272 to be answered on 10-8-2000

(a) to (e): The Government is in the process of preparing a long term policy for the fertilizersector and a new pricing policy for urea units keeping in view the recommendations of the High Powered Fertilizers Pricing Policy Review Committee constituted in January 1997 to review the existing system of subsidization of urea and suggest an alternative broad based, scientific and transparent methodology. The Government intends to move towards a deregulatory regime infertilizer sector in a phased manner after taking into account its fiscal capacity on the one hand and simultaneously making available fertilizers to the farmers at a reasonable price.

Main features of the 'Long Term Fertilizer Policy' are removal of aberrations in theexisting system, feedstock policy, policy on joint ventures, new pricing policy, policy for creation of new capacity, removal of distribution controls on urea in a phased manner and long term demand-supply estimates and WTO related matters.

The long term fertilizer policy and the new pricing policy for urea units will be announced after obtaining the approval of the competent authority.